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IAC-D-7

28 November 1950

DRAFT TERMS OF REFERENCE: COMMUNIST CHINA

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1. The attached paper poses two issues: (1) the nature of a national intelligence estimate; and (2) the terms of reference for the National Intelligence Estimate on Communist China.

2. The question of the nature of the national intelligence estimate is brought up in this context because of the immediate problem with respect to the NIE on Communist China although it is a general problem relating to other NIE's currently in preparation and will be of continuing importance.

JAMES Q. REBER
Acting Secretary
Intelligence Advisory Committee

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FOR COMMUNIST CHINA

1. A meeting with representatives of the Departmental agencies was held on 17 November to consider the draft terms of reference for NIE-10 (Communist China) reproduced in TAB A. This draft was based on the supposition that the function of the intended estimate was to examine the critical problem with respect to Communist China: the capabilities and objectives of the Communist regime, the nature of its relations with the USSR, and the courses of action which it might consequently be expected to pursue. The Service representatives, however, desired that the estimate follow a generalized format applicable, with minor adaptations, to any country in the world. This duality of concept has been encountered with respect to all pending estimates (Yugoslavia, Indochina, Germany, Iran, Turkey, and Greece, as well as China). In all these cases further action is inhibited pending IAC consideration of the basic problem.

2. In the opinion of O/NE the adoption of a set format requiring the inclusion of much basic descriptive matter and formal consideration of all conceivable contingencies would tend to destroy the utility of national estimates as contributions to the understanding and solution of specific national policy problems. The resultant compartmentation and volume of descriptive data would tend to obscure any analytical consideration of the critical issues.

3. Policy formulating bodies such as the NSC require intelligence bearing directly on specific policy problems rather than generalized and descriptive country studies. The estimation of specific situations and contingencies must, of course, rest on basic intelligence data and thorough analysis. The policy maker, however, requires only the conclusions derived from such basic data, with reasonable indication of the supporting argument, but without recitation of the basic data itself or step-by-step exposition of the analytical process.

4. Although this problem with respect to terms of reference is of general import, the case of NIE-10 (Communist China) affords a concrete example. With respect to that case, the State

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Department member of the Senior NSC Staff (Ambassador Jessup) has meanwhile proposed that CIA be requested to prepare a coordinated estimate on China in accordance with the following terms of reference:

- a. The survival prospects of the Chinese Communist regime;
- b. The nature, strength, and survival prospects of opposition forces within mainland China;
- c. The survival prospects of the KMT on Formosa;
- d. The nature and strength of present Chinese Communist ties to the Kremlin, with an evaluation of the factors which may lead to strengthening of those ties and the factors which may lead to a weakening of them;
- e. The vulnerability of China to US pressures, such as trade controls.

5. These points are comprehended in the terms of reference proposed by O/NE on 17 November (TAB A). They are a further indication that those terms of reference are consonant with the NSC concept of a national intelligence estimate.

6. Recommendations:

- a. That the IAC adopt TAB A attached hereto as basic terms of reference for NIE-10, with reference also to the terms proposed by Ambassador Jessup.
- b. That the IAC agree, in general, that national intelligence estimates should endeavor to answer specific questions related to policy determination (rather than be generalized country studies).

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TAB A

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(for NIE-10)

The Problem:

To estimate the role of Communist China in the Soviet power-complex and the probable courses of action which it will follow in relation to the USSR and the non-Communist world.

Scope:

This estimate should answer the following broad questions:

To what extent is the People's Republic of China a unified and viable nation capable of playing a well-defined role in the Communist world?

What are Communist China's objectives? To what extent are China's objectives identical with Soviet-Communist objectives?

If those objectives are not identical, does China have either the propensity or the capability to follow an independent course of action?

What are the most likely points of disagreement between the USSR and Communist China? How far can Communist China and the USSR go in making a common cause and what specific courses of action can they be expected to follow jointly?

Suggested Outline:

I. Capabilities of Chinese Communist regime.

A. Political composition.

1. Ascendent or dominant influences in government.
2. Role and political orientation of armed forces and political police.

B. Internal stability.

1. Extent of pacification of guerrillas.
2. Effectiveness of internal security mechanisms.
3. Immediate economic problems and effect on political stability.

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- C. Immediate military capabilities, especially capabilities to execute campaigns in peripheral areas (Korea, Japan, Taiwan, Philippines, Southeast Asia, India).
- D. Economic and political factors which enlarge or limit Chinese Communist capabilities.
- E. Conclusions as to extent of ability of China to play major aggressive role in Soviet power-complex.

II. Communist China's objectives.

- A. Aims of Chinese Communism as exemplified in actions and writings prior to success of revolution.
- B. Objectives which emerge from internal and external policies since success of revolution.
- C. Relation of above to Soviet objectives.
 - 1. Those which are identical with or similar to those of USSR.
 - 2. Those which appear at variances with or in conflict with Soviet objectives

III. Possibilities of conflict between China and USSR

- A. Capabilities of China for pursuing independent course of action.
 - 1. Control over internal instruments of power.
 - 2. Economic self-sufficiency.
 - 3. Aid from outside which could be expected.
- B. Conditions under which China might choose to pursue independent or anti-Soviet course of action.
- C. Degree to which USSR would be willing to adjust differences in interest of maintaining partnership.
- D. Conclusions as to likelihood of joint policy or conflict during 1951-52.

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IV. Joint USSR-China policies likely to be followed in 1951-52.

- A. In Korea.
- B. Toward Japan.
- C. In Southeast Asia.
- D. Toward India and other middle-of-road powers.
- E. In East-West power struggle generally.

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